

LAW OFFICES OF
KIMBALL, PARR, WADDOUPS, BROWN & GEE
A PROFESSIONAL CORPORATION
SUITE 1300
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POST OFFICE BOX 11019
SALT LAKE CITY, UTAH 84147
TELEPHONE (801) 532-7840
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CLAYTON J. PARR

DOGS
MINERALS PROGRAM
FILE COPY

Orig: Mine file
CL W. Hedley
L. Braxton
D. Nielson

0003

RECEIVED
MAR 06 1991

DIVISION OF
OIL, GAS & MINING

March 6, 1991

HAND-DELIVERED

Lowell P. Braxton
Associate Director, Mining
Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

Re: Geneva Steel Iron Mountain Mine and Comstock
Mine M/021008 and M/021/005, Iron County, Utah

Dear Lowell:

Enclosed are the following:

1. Draft of Interim Reclamation Contract, together with highlighted copy showing changes from your standard form.
2. Draft of Self Bonding Agreement with financial information inserted in blanks.
3. Copy of Geneva Steel's Annual Report for 1990 with financials certified by Arthur Anderson & Co.

The documents are supplied in furtherance of an interim reclamation contract and an interim bond for the Geneva Steel iron ore producing operations in Iron County, Utah. Geneva's operations that will be reclaimed are in a region that shows the impacts of numerous mining operations conducted by many different companies for over 100 years.

Geneva's operations comprise several separate mining areas, some of which have previously been permitted by Geneva, some of which have been conducted as small mine operations, and some of which have been purchased by Geneva subject to prior NOI's held by CF&I Company and BHP Utah International Inc. It is believed that they can be administered most efficiently both by the Division and

Lowell P. Braxton
March 6, 1991
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by Geneva under one consolidated permit. As individual areas are certified by the Division as having been reclaimed, they can be released from the permit.

Geneva proposes to provide a self-bond for the required security. As is shown clearly on the enclosed financial statements, the ratios reflecting Geneva's financial strength are substantially more favorable than the threshold limits required by the Board's self-bonding criteria. Although Geneva Steel itself has owned and operated the Geneva steel plant in Utah County and the related iron ore mines for only three and one-half years, the operations themselves have been ongoing as a major industry in the State for nearly 50 years.

It is my understanding that the Board will consider the interim arrangement in conceptual form at its March 28, 1991, meeting. We will be pleased to appear at that meeting and to provide such additional information that the Division requires in the meantime.

We appreciate your cooperation.

Very truly yours,

Clayton J. Parr (wc)

Clayton J. Parr

CJP/wc
Enclosures

cc: Roy Benson (w/o encls.)
Lynn Hart (w/o encls.)

EXHIBIT A

to
Interim Reclamation Contract
Geneva Steel

Description of disturbed areas and estimated reclamation costs. All acreages are subject to adjustment after completion of pending survey.

I. Iron Mountain Mine Area

A. Areas described in NOI M/021/008

1. Iron Mountain	12 acres	\$ 36,000
2. Blackhawk Fines Area	27 acres	\$ 81,000
3. Mountain Lion	53 acres	\$159,000

B. Areas not previously covered by NOI's

1. Burke Pit (Straddles the section line between Sec. 34 and Sec. 35, T36S, R14W. Include portions of SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Sec. 35, and SE $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 34.	1.5 acres	\$ 4,500
2. Chesapeak & Excellsior In W $\frac{1}{2}$ SE $\frac{1}{4}$ and S $\frac{1}{2}$ S $\frac{1}{2}$ NE $\frac{1}{4}$, Sec. 25, T36S, R14W.	8 acres	\$24,000
3. Tip Top In E $\frac{1}{2}$ NW $\frac{1}{4}$, Sec, 25, T36S, R14W.	3 acres	\$ 9,000

II. Comstock Mine Area

A. Area included among others and described in NOI M/021/002
(BHP-Utah Minerals International).

1. UII Comstock Plant Area	36 acres	\$108,000
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B. Area described in NOI M/021/005 (CF&I Company)

1. Comstock Area (Original acreage 265. Twelve acres subsequently covered by NOI M/021/008 as item I.A.1 above - Iron Mountain Mine)	253 acres	\$759,000
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(March 1991)

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
3 Triad Center, Suite 350
355 West North Temple
Salt Lake City, Utah 84180-1203
(801) 538-5340

SELF BONDING AND INDEMNITY AGREEMENT

This Self Bonding and Indemnity Agreement "Agreement") is entered into by and between Geneva Steel ("Operator") and the State of Utah, Department of Natural Resources, Board of Oil, Gas and Mining ("Board"). The Board and the Operator find that:

WHEREAS, pursuant to the Mined Land Reclamation Act, § 40-8-1 et seq., Utah Code Annotated (1953, as amended) ("Act") and applicable rules, the Operator has executed an Interim Reclamation Contract relating to Permit Nos. M/021/001 (partial), M/021/005, and M/021/008 from the Division of Oil, Gas and Mining ("Division") to operate the Comstock and Iron Mountain Mines, both iron mines, in Iron County, Utah, which location is more specifically described in Exhibit A; and,

WHEREAS, the Board and the Operator agree that, upon permanent cessation of operations, complete reclamation of the Comstock and Iron Mountain Mines pursuant to Permit Nos. M/021/001 (partial), M/021/005, and M/021/008, including revisions and amendments (collectively "Permits"), the Act, and applicable rules is essential to protect the land from future harm due to prolonged deterioration; and,

WHEREAS, the Operator has requested that the Board accept a written contractual agreement as the form of reclamation surety required by the Act; and,

WHEREAS, the Operator has designated Robert A. Johnson, Vice President and General Counsel, Geneva Steel, 10 South Geneva Road, Vineyard, Utah 84058.

(Name, Title Address)

as its agent for service of process in the State of Utah; and,

WHEREAS, the Operator has been in continuous operation as a business entity for three and one-half years; and,

WHEREAS, as is indicated on the attached financial sheet, the Operator meets the financial criteria for a written contractual agreement; and,

WHEREAS, the Operator has submitted to the Division and Board financial statements which are accompanied by an audit opinion prepared by Arthur Anderson & Co. which indicated compliance with the financial criteria.

NOW, THEREFORE, in return for permission to mine pursuant to the Act, the applicable rules and the Permit, in addition to other consideration, the sufficiency and receipt of which is hereby acknowledged, the Operator agrees to be held and bonds to the Board for the sum of \$1,180,500 for the timely performance of reclamation responsibilities for the Comstock and Iron Mountain Mines, Permit Nos. M/021/001 (partial), M/021/005, M/021/008, in United States currency. By the submission of this Agreement, the Operator will and truly binds itself, its successors and assigns, jointly and severally, by these presents.

The conditions of the above obligations as set forth and subject to the provisions of the Interim Reclamation Contract are such that:

1. The Operator shall perform all duties and fulfill all requirements applicable to reclamation of the Iron Mountain & Comstock Mines as set forth in the Act, the applicable rules, and the terms of the Permits.

2. The liability under this Agreement is conditioned upon successful reclamation of the permit area as provided in the reclamation plan for the Permits for the period of time and in the manner specified in the Act, the applicable rules, and the terms of the Permits. The liability or responsibility of the Operator hereunder is \$1,180,500, provided that the Board may adjust the amount of liability hereunder as provided in Section 5 hereof.

3. Geneva Steel (operator) hereby agrees to indemnify and hold the Board and Division harmless from any claim, demand, liability, costs, charge, or suit brought by a third party as a result of the Operator's failure to abide by the terms and conditions of the Reclamation Plan as set forth in the Permits and from any failure to comply with the terms of this Agreement.

4. Upon successful completion of part or all of the obligations secured hereby, the Operator may petition the Board for a final release of part or all of the obligations under this Agreement. Upon such petition, the Division shall conduct an inspection to ascertain whether duties and obligations of the Operator under the Act, the applicable rules, and the Permits have been fulfilled. If it is determined that such duties and

obligations have been fulfilled, the Board shall release the Operator from part or all of its obligations under this Agreement and shall file a notice of such release in the property records of Iron County, Utah.

5. Periodically or at the request of the Operator, this Agreement shall be reviewed by the Division and the amount of liability adjusted if the Division determines that the cost of future reclamation has materially changed.

6. The Operator may terminate this Agreement by providing written notice to the Board no less than 120 days prior to the date of termination. The Operator must provide an alternate reclamation surety in the form and amount satisfactory to the Board prior to 30 days before the stated date of termination, upon failure of which the notice of termination shall be ineffective.

7. The Board may terminate this Agreement by providing written notice to the Operator no less than 120 days prior to the date of termination unless the Board determines that the Operator no longer meets the financial criteria for a written contractual agreement whereupon the Board may shorten the above-stated notice period for termination of this Agreement. The Operator must provide an alternate reclamation surety in the form and amount satisfactory to the Board prior to 30 days before the stated date of termination.

8. If the Operator fails to secure an approved definitive Reclamation Contract and an accompanying surety covering the disturbed area within one year after the effective date of this Contract, or if the Operator fails, within the time periods set out

paragraph seven of this Agreement, to provide an alternative reclamation surety satisfactory to the Board, the Operator will initiate reclamation or petition of the Board for an extension of this Contract or for such other relief as may be appropriate under the circumstances.

9. Pursuant to the Interim Reclamation Contract, this Agreement shall be modified or superseded by a surety satisfactory to the Board to assure the performance of reclamation as provided in the final approved reclamation plans for the Permits.

10. This Agreement will be governed and interpreted according to Utah law.

11. In addition to any other liability described above, the Operator shall pay reasonable attorney fees and costs incurred by the Board if the Board is successful in any action or suit regarding this agreement.

SO AGREED this _____ day of _____, 19____.

Geneva Steel

Date

Corporate Officer Name and title

Date

Corporate Officer Name and Title

Date

James W. Carter, Chairman
Board of Oil, Gas and Mining

APPROVED AS TO FORM:

Thomas A. Mitchell
Assistant Attorney General

STATE OF _____)
 : ss.
COUNTY OF _____)

On the _____ day of _____, 19____, personally appeared
before me _____ and _____ who being
by me duly sworn did say that he, said _____ is the
_____ of GENEVA STEEL and said _____
is the _____ of GENEVA STEEL and said instrument
was signed in behalf of said corporation by authority of its bylaws
or a resolution of its Board of directors and said _____
and _____ duly acknowledged to me that said
corporation executed the same.

NOTARY PUBLIC, residing in

My commission expires:

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to Self Bonding and Indemnity Agreement Geneva Steel

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